



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

MICHAEL F. EASLEY
GOVERNOR

LYNDO TIPPETT
SECRETARY

December 5, 2008

MEMORANDUM

TO: CMAQ-Eligible Transit Systems

FROM: Miriam S. Perry, Director

SUBJECT: CMAQ Funds Available

The Congestion Mitigation and Air Quality (CMAQ) Improvement Program is a federal program that funds transportation projects and programs in air quality nonattainment and maintenance areas to help achieve and maintain national standards for air quality pollutants. Some transit system improvements in the following areas of North Carolina are among those eligible for funding:

Cabarrus	Durham	Granville	Lincoln	Rowan
Catawba	Edgecombe	Guilford	Mecklenburg	Swain*
Chatham*	Forsyth	Haywood*	Nash	Union
Davidson	Franklin	Iredell*	Orange	Wake
Davie+	Gaston	Johnston	Person	

** County partially designated nonattainment or maintenance; candidate project proposals within these counties must be within the nonattainment or maintenance portion of the county.*

+ Davie County is currently nonattainment for ozone under the one-hour standard, a standard set to expire next year. Once that standard expires, Davie County will no longer be eligible for CMAQ funding.

In North Carolina, the N.C. Department of Transportation serves as the administrator for the CMAQ Improvement Program. Individual MPOs and RPOs are responsible for working with their member jurisdictions to develop candidate project proposals. All candidate project proposals require endorsement by the associated MPO/RPO. For more information about the local candidate project selection process, contact the MPO/RPO directly. For more information about North Carolina's CMAQ program, contact Terry C. Arellano, P.E., in the Transportation Planning Branch at (919) 715-5482 or e-mail tarellano@ncdot.gov.

NCDOT has recently modified the CMAQ program for North Carolina. These changes include three individual processes to be undertaken in the coming months as outlined on the next page:

MAILING ADDRESS:
NC DEPARTMENT OF TRANSPORTATION
PUBLIC TRANSPORTATION DIVISION
1550 MAIL SERVICE CENTER
RALEIGH, NC 27699-1550

TELEPHONE: 919-733-4713
FAX: 919-733-1391

WWW.DOT.STATE.NC.US/TRANSIT/TRANSITNET/

LOCATION:
TRANSPORTATION BUILDING
1 SOUTH WILMINGTON STREET
RALEIGH NC

- Programming Unallocated Target Funds (2006 – 2012)**
 This process allows MPOs/RPOs to expend any remaining CMAQ balances from their original 2004 allocation. MPOs/RPOs must submit project proposals to NCDOT by May 1, 2009 (or by January 29, 2009, for fast-track eligible projects). [Details here.](#)
- Full Funding for Fast-Track Projects**
 This process allows the obligation of 100 percent federal funding for CMAQ projects authorized during federal fiscal year 2009. In order to qualify for full funding, projects must be fast-tracked to ensure that all required preliminary engineering is received by NCDOT no later than August 29, 2009. Receipt of these items by this date will enable NCDOT to request full federal funding authorization prior to the September 30, 2009, cut-off date, pending available funding. Projects eligible for full-funding include currently programmed projects and project identified through the above process. [Details here.](#)
- Project Selection & Programming for Fiscal Years 2013 & Beyond**
 This process revises the guidelines for the selection and programming of CMAQ projects, beginning with CMAQ authorizations anticipated for fiscal year 2013. NCDOT is currently soliciting proposals for eligible projects under these guidelines for federal fiscal years 2013 through 2017 to be included in the 2011-2017 State Transportation Improvement Program. [Details here.](#)

Examples of Transit Projects

Many transit projects are eligible for CMAQ funds. The general guideline for determining eligibility is whether the project increases capacity and would likely result in an increase in transit ridership and a potential reduction in congestion. As with other types of CMAQ projects, there should be a quantified estimate of the project's emissions benefits accompanying the proposal.

Facilities - New transit facilities (e.g., lines, stations, terminals, transfer facilities) are eligible if they are associated with new or enhanced mass transit service. Routine maintenance or rehabilitation of existing facilities is not eligible, as it does not reduce emissions. However, rehabilitation of a facility may be eligible if the vast majority of the project involves physical improvements that will increase capacity. In such cases there should be supporting documentation showing an increase in transit ridership that is more than minimal. If the vast majority of the project involves capacity enhancements, other elements involving refurbishment and replacement-in-kind also are eligible.

Vehicles and Equipment - New transit vehicles (bus, rail or van) to expand the fleet or replace existing vehicles are eligible. Transit agencies are encouraged to purchase vehicles that are most cost-effective in reducing emissions. Diesel engine retrofits, such as replacement engines and exhaust after-treatment devices, are eligible if certified or verified by the EPA. Routine preventive maintenance for vehicles is not eligible as it only returns the vehicles to baseline conditions. Besides diesel engine retrofits, other transit equipment may be eligible if it represents a major systemwide upgrade that will significantly improve speed or reliability of transit service, such as advanced signal and communications systems.

Fuel - Fuel, whether conventional or alternative fuel, is an eligible expense only as part of a project providing operating assistance for new or expanded transit service under the CMAQ program. This includes fuels and fuel additives considered diesel retrofit technologies by the EPA.

Operating Assistance - Operating assistance to introduce new transit service or expand existing service is eligible. It may be a new type of service, service to a new geographic area, or an expansion of existing service providing additional hours of service or reduced headways. For a service expansion, only the operating costs of the new increment of service are eligible. Eligible operating costs include labor, fuel, maintenance and related expenses. Operating assistance may be CMAQ-funded for a maximum of three years. The intent is to support the demonstration of new services that may prove successful enough to sustain with other funding sources, and to free up CMAQ funds to generate new air quality benefits.

It is not appropriate to use CMAQ funds for operating assistance for New Start projects because these projects require dedicated, stable sources of funding for their operation. Relying on CMAQ funds for the initial operating costs of these projects is contrary to the need to establish permanent state and local funding sources to cover operating and maintenance costs.

Transit Fare Subsidies - CMAQ funds may be used to subsidize regular transit fares in an effort to prevent the national ambient air quality standards from being exceeded, but only under the following conditions: The reduced or free fare must be part of a comprehensive area-wide program to prevent the national ambient air quality standards from being exceeded. “Ozone Action” programs vary in scope around the country, but they generally include actions that individuals and employers can take and they are aimed at all major sources of air pollution, not just transportation. The subsidized fare must be available to the general public and may not be limited to specific groups. It may only be offered during periods of elevated pollution when the threat of exceeding the national ambient air quality standards is greatest; it is not intended for the entire high-ozone season. Finally, the fare subsidy proposal must demonstrate that the responsible local agencies will combine the reduced or free fare with a robust marketing program to inform drivers of single-occupant vehicles of other transportation options. The subsidy is not subject to the three-year limit for operating assistance.